



METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
Tel: 510.464.7700
TDD/TTY: 510.464.7769
Fax: 510.464.7848

Memorandum

TO: Partnership Technical Advisory Committee

DATE: May 21, 2007

FR: Glen Tepke

W. I.

RE: SAFETEA Third Cycle Policies for STP/CMAQ

This item presents MTC's revised proposal for programming Third Cycle STP/CMAQ funds for Transit Capital Shortfall projects. The proposal differs from that presented to the PTAC in April in that the amount for the Zero Emission Bus Advanced Demonstration Project has been increased from \$5 million to \$14 million, eliminating the proposed reserve for FY 2008-09 FTA formula program shortfalls. Commission action on this proposal was deferred to the May 9 Programming and Allocations Committee meeting.

Background

In December 2005, MTC approved the Third Cycle STP/CMAQ policies and programming (Resolution No. 3723) for the final two years of the SAFETEA authorization period, FY 2007-08 and FY 2008-09. After this proposal is approved, Third Cycle will include \$301 million in STP/CMAQ investments as summarized in the table below:

Table 1: Third Cycle Funding Proposal Summary

Funding Categories	3 rd Cycle Commitments Rounded to \$ Millions
1. Clean Air	\$17
2. Regional Operations	\$44
3. CMA Planning Activities	\$12
4a. Local Streets and Road Shortfall	\$66
4b. Transit Capital Shortfall	\$64
5. TLC/HIP	\$74
6. Regional Bike/Pedestrian	\$24
TOTAL Commitments:	\$301

There were two outstanding issues noted at the time of Third Cycle policy adoption:

1) Planning Funds: The staff proposal for CMA planning funds required additional refinement on funding need level and source of funding for the final two years of

SAFETEA, FY 2007-08 and 2008-09 in the context of MTC's Strategic Plan and CMA planning responsibilities; and

2) Transit Capital Shortfall: The distribution policy for the Transit Capital Shortfall category was left unspecified pending additional discussion by the Partnership.

Based on additional discussion and policy development in both of these program areas, staff recommends that the Third Cycle policies be amended in April 2007 to clarify commitments as proposed below. This will allow programming actions for Third Cycle concurrent with the SAFETEA compliant TIP amendment (TIP amendment 06).

Planning

During the programming of the Third Cycle SAFETEA STP/CMAQ program, the Congestion Management Agencies (CMAs) requested \$1.2 million in additional planning funds for additional responsibilities they were taking on, including planning activities related to the Lifeline program, community-based planning, the bicycle-pedestrian program, and the Transportation for Livable Communities (TLC) program. The Partnership Board recommended, and the Commission approved, an initial augmentation of \$1.8 million to address these additional planning activities. MTC, therefore, set aside \$1.8 million for planning support, with a \$1.2 million increase (or \$135,000 per county) for FY 2006-07, with the remaining \$0.6 million held in reserve pending a review of annual funding needs for CMAs in response to MTC's Strategic Plan recommendations.

As a result of discussions with CMA staff, it is proposed that the initial augmentation of \$135,000 to the CMA's STP Planning funds be maintained at the FY 2006-07 level through the end of SAFETEA (FY 2008-09). The level of CMA planning funds will then be re-examined for the next federal reauthorization.

Continuing the \$135,000 per county augmentation requires an additional \$1,845,000 in funding. It is proposed that the additional funding come from the STP funds deobligated from the Golden Gate Suicide Barrier Study, which was provided STP Exchange funds due to a federal ineligibility determination. The \$1,845,000 will supplement the \$585,000 million in reserve, resulting in \$1,215,000 million (or \$135,000 per CMA) each year for FY 2007-08 and FY 2008-09. Attachment A shows total Third Cycle CMA Planning funds, including the new augmentation.

Transit Capital Shortfall

In December 2005, as part of the policy for Third Cycle STP/CMAQ programming, the Commission directed \$64 million in FY 2007-08 and FY 2008-09 STP funds for transit capital shortfall projects. The Commission had previously dedicated \$55 million in Second Cycle STP funds to transit capital projects. These commitments were in response to the significant transit capital shortfall identified in Transportation 2030 (see Table 2), and part of a comprehensive set of investments noted in Table 1 above.

Table 2: Transportation 2030: Transit Capital Replacement Costs by Operator

Dollars in thousands

Operator	Total Need	Down Payment	Shortfall	Score 16 Shortfall
AC Transit	\$1,224,235	\$909,147	\$315,088	\$143,386
BART	7,085,901	5,698,312	1,387,589	1,073,005
Caltrain	1,591,954	1,076,409	515,545	
CCCTA	159,953	159,953		
GGBHTD	716,549	613,890	102,659	36,103
LAVTA	90,559	90,559		
Muni	2,893,103	2,576,073	317,030	
SamTrans	490,731	490,731		
Vallejo	136,096	125,667	10,429	43,395
VT A	1,242,723	1,076,546	166,177	
Small Operators	602,815	602,815		
Regional Total	\$16,234,619	\$13,420,102	\$2,814,517	\$1,295,889

For Second Cycle, the original agreement for the transit capital shortfall element was to apportion the transit funds in accordance with the Transportation 2030 shortfalls, with two significant caveats: 1) Funds directed to BART will be used to meet their future fleet replacement needs; and 2) Remaining funds will be directed to operators with a score 16 shortfall after completion of the FTA programming for the same period, with priority to operators with a Transportation 2030 shortfall. This agreement was amended following the FTA programming round in which there were no score 16 shortfalls identified – aside from project elements normally capped by the policy – and the remaining funds of \$9.4 million were directed to AC Transit's early bus replacement project.

For Third Cycle, staff is proposing to follow a similar framework for the transit capital shortfall element. Specifically, funding would be directed to BART to meet their future fleet replacement needs at a level consistent with Second Cycle, or \$22.7 million annually. The remaining funds would be directed to meet transit capital shortfall needs of the other operators after accounting for a prior commitment in October 2006 to AC Transit's early bus replacement project and considering needs arising from CARB mandates.

Back in June 2006, the Partnership Board supported using \$15 million in regional federal funds – either transit capital shortfall or Section 5307 – to help fund a regional demonstration project for Zero Emission buses (ZEB) required by CARB regulations. While the region is in the process of considering an investment in the demonstration project through the Proposition 1B population-based transit proposal, the timeline for operators to begin bus procurements is more urgent to meet the CARB timeline for buses to be operational by January 2009. Because this requirement must be met by regional bus operators and FTA funds are fully subscribed for FY2007, staff is proposing to use the remaining \$14 million of the transit capital shortfall STP funds to jumpstart the procurement process for the ZEB buses to ensure Bay Area compliance with CARB rules. If needed to fully fund the ZEB demonstration, MTC staff will propose setting aside \$1 million in FTA section 5307 funds in the FY 2008-09 program to meet the full \$15 million commitment by the Partnership. MTC is also proposing to devote \$10 million of the population-based Proposition 1B transit funds to the ZEB demo.

As a note, the operators are considering procuring Van Hool ZEBs, which do not meet the federal Buy America requirements and are not eligible for federal funds. Operators would, therefore, have to identify their own local funds as a swap for the federal STP funds. This complication with the use of federal funds makes the use of state bond funds more attractive for future regional support of the ZEB demonstration project.

Table 3 below summarizes staff's recommended program for the Third Cycle Transit Capital Shortfall element.

Table 3: Proposed Third Cycle Transit Capital Shortfall Program

Project/Program	Funding (FY 2007-08 and FY 2008-09)
AC Transit Early Bus Replacement (ACCMA Swap) – Prior Action	4,577,000
BART Car Replacement	45,365,000
Zero Emission Bus Advanced Demonstration	14,058,000
Total	64,000,000